



PAB CONDUIT

October 13, 2016

\$350,000,000

Edward-Elmhurst Healthcare (d/b/a Edward-Elmhurst Health)

REQUEST	<p>Purpose: Bond proceeds will be used by Edward-Elmhurst Healthcare (“the Borrower”) to (i) advance refund the Edward Hospital and Health System IFA Series 2008A Bonds, (ii) advance refund Elmhurst Memorial Healthcare IFA Series 2008A Bonds, (iii) current refund Edward Hospital and Health System IFA Series 2008B-1 with a direct purchase by JP Morgan, (iv) current refund Edward Hospital and Health System IFA Series 2009A with a direct purchase by Bank of America Merrill Lynch, (v) reimburse prior capital expenditures and new money uses, and (vi) to pay for cost of issuance.</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Extraordinary Conditions: None.</p>								
BOARD ACTIONS	Final Bond Resolution (One-time consideration).								
MATERIAL CHANGES	None. This is the first time this project has been presented to the IFA Board of Directors.								
JOB DATA	<table border="0"> <tr> <td>8,560</td> <td>Current jobs</td> <td>N/A</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>N/A</td> <td>Construction jobs projected</td> </tr> </table>	8,560	Current jobs	N/A	New jobs projected	N/A	Retained jobs	N/A	Construction jobs projected
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DESCRIPTION	<p>Location: Naperville/DuPage County/Northeast, Elmhurst/DuPage County/Northeast</p> <p>Edward-Elmhurst Healthcare, a nonprofit Illinois corporation is the parent corporation of the EEH System. On July 1, 2013, Edward Health Services Corporation (“EHSC”), a nonprofit healthcare system located in Naperville, Illinois combined with Elmhurst Memorial Healthcare (“EMHC”), a nonprofit healthcare system located in Elmhurst, Illinois. At that time EHSC, renamed Edward-Elmhurst Healthcare (“EEH”), became the sole member of EMHC. The combination created the EEH System (“EEH System”), an integrated health system including three hospitals – Edward Hospital (“EH”), Elmhurst Memorial Hospital (“EMH”) and Naperville Psychiatric Ventures d/b/a Linden Oaks Hospital (“LOH”) and other affiliated corporations.</p> <p>Edward Hospital. Located at 801 S. Washington Street in Naperville, Illinois, EH is a 354-bed acute care facility that provides a full range of inpatient and outpatient diagnostic and treatment services. It was the first hospital in Illinois to offer all private rooms, and it was the first hospital in Illinois to open a medically-based fitness center, which is located on its Naperville campus. EH owns two four-story medical office buildings (“MOBs”) adjacent to the hospital. In 2005, Edward opened a comprehensive outpatient cancer center adjacent to the hospital and MOBs, which offers infusion, radiation therapy, PET/CT, and various cancer support services.</p> <p>Elmhurst Memorial Hospital. Originally located on Berteau Road near downtown Elmhurst, the hospital moved its operations to 155 East Brush Hill Road, 3 miles south of its original location. A 259 bed replacement hospital opened in June 2011. In addition to EMH the Brush Hill campus includes William G. Parillo the Center for Health, a 183,000 square foot comprehensive outpatient center which is connected to EMH. The Center for Health houses a full range of programs, including an outpatient surgery center, outpatient clinics (e.g. wound, pain, diabetes, and weight loss), chronic disease clinics (e.g. Heart Failure, Atrial Fibrillation, Chronic Obstructive Pulmonary Disease and Pneumonia), outpatient radiology and ancillary testing, rehabilitation, lab services, and physician practices. In November 2013, the Nancy W. Knowles Cancer Center opened adjacent to the Center for Health which offers infusion, radiation therapy, PET/CT, Cyberknife, and various cancer support services.</p> <p>EMH was designed focusing on patient centered care and a healing environment. All patient rooms</p>								

are private and most are equipped with ceiling mounted lifts. All rooms have been standardized and are same sided to promote staff and physician efficiency. The facility has consistently been selected by Soliant Health as one of the most beautiful hospitals in the United States.

In March of 2012 construction was completed on a 50,000 square foot, four-story medical office building connected to EMH on the west side of the campus (the "West MOB"). The West MOB was developed by a real estate developer pursuant to a ground lease with EMHC.

Linden Oaks Hospital. LOH is an 85,000 square foot, 108 inpatient bed facility located on EH's Naperville, campus, with four additional outpatient locations offering partial hospitalization and intensive outpatient programs located in Naperville, Plainfield, Hinsdale and St. Charles. LOH services adolescents, adults, and older adults suffering from mental illness and substance abuse. LOH has been accredited by the Joint Commission with a Gold Seal of Approval for Depression, Anxiety, Eating Disorders, Bi-Polar, Chemical Dependency, Dementia and Self-Injury. LOH employs interdisciplinary teams ranging from psychiatrists, advanced practice clinicians, nurses, therapists, and support staff.

SECURITY	<ul style="list-style-type: none"> • Collateral is expected to include a pledge of the Borrower's unrestricted receivables that secure all obligations the Borrower issued under its Master Trust Indenture. 																					
CREDIT INDICATORS	<ul style="list-style-type: none"> • Current ratings for Edward Hospital are 'A' stable and 'A+' stable from S&P and Fitch, respectively. • Current ratings for Elmhurst are 'Baa2' and 'BBB' from Moody's and Fitch, respectively. 																					
STRUCTURE	<ul style="list-style-type: none"> • The tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch. • The refunded Series 2008B-1 Bonds will be a bank direct purchase by JP Morgan. The refunded Series 2009A Bonds will be a bank direct purchase by Bank of America Merrill Lynch. • Bonds will mature no later than 2056. 																					
SOURCES AND USES ESTIMATED	<p>Sources:</p> <table data-bbox="474 1245 914 1776"> <tr> <td>IFA Bonds</td> <td style="text-align: right;"><u>\$350,000,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$350,000,000</u></td> </tr> </table> <p><i>*Estimated</i></p>	IFA Bonds	<u>\$350,000,000</u>	Total	<u>\$350,000,000</u>	<p>Uses:</p> <table data-bbox="914 1245 1568 1776"> <tr> <td>Edward Series 2008A Bonds Refund Escrow</td> <td style="text-align: right;">\$ 76,100,000</td> </tr> <tr> <td>Elmhurst Series 2008A Bonds Refund Escrow</td> <td style="text-align: right;">\$134,500,000</td> </tr> <tr> <td>Edward Series 2008B-1 Bonds Refund Escrow</td> <td style="text-align: right;">\$ 48,560,000</td> </tr> <tr> <td>Edward Series 2009A Bonds Refund Escrow</td> <td style="text-align: right;">\$ 42,880,000</td> </tr> <tr> <td>Reimburse prior capital expenditure and new money uses</td> <td style="text-align: right;">\$ 17,000,000</td> </tr> <tr> <td>Cost of Issuance*</td> <td style="text-align: right;">\$ 1,425,000</td> </tr> <tr> <td>Contingency</td> <td style="text-align: right;"><u>\$ 29,535,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>\$350,000,000</u></td> </tr> </table>	Edward Series 2008A Bonds Refund Escrow	\$ 76,100,000	Elmhurst Series 2008A Bonds Refund Escrow	\$134,500,000	Edward Series 2008B-1 Bonds Refund Escrow	\$ 48,560,000	Edward Series 2009A Bonds Refund Escrow	\$ 42,880,000	Reimburse prior capital expenditure and new money uses	\$ 17,000,000	Cost of Issuance*	\$ 1,425,000	Contingency	<u>\$ 29,535,000</u>	Total	<u>\$350,000,000</u>
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RECOMMENDATION	Credit Review Committee recommends approval.																					

**ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
October 13, 2015**

Project: Edward-Elmhurst Healthcare (d/b/a Edward-Elmhurst Health)

STATISTICS

Project Number:	12364	Amount:	350,000,000 (Not-to-Exceed)
Type:	501(c)(3) Bonds	IFA Staff:	Pam Lenane
Location:	Naperville, Elmhurst	County/Region:	DuPage/Northeast

BOARD ACTION

Final Bond Resolution (<i>One-time consideration</i>)	No IFA Funds at Risk
Conduit 501(c)(3) Revenue Bonds	No Extraordinary Conditions

Credit Review Committee recommends approval.

VOTING RECORD

This is the first time this project is being presented to the IFA Board of Directors.

PURPOSE

Bond proceeds will be used by **Edward-Elmhurst Healthcare** (“the **Borrower**”) to (i) advance refund the Edward Hospital and Health System IFA Series 2008A Bonds, (ii) advance refund Elmhurst Memorial Healthcare IFA Series 2008A Bonds, (iii) current refund Edward Hospital and Health System IFA Series 2008B-1 with a direct purchase by JP Morgan, (iv) current refund Edward Hospital and Health System IFA Series 2009A with a direct purchase by Bank of America Merrill Lynch, (v) reimburse prior capital expenditures and new money uses, and (vi) to pay for cost of issuance.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bonds that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA’s issuance will convey federal income tax-exempt status on interest earned on the Bonds paid to bondholders, thereby reducing the Borrower’s interest expense.

VOLUME CAP

501(c)(3) bond issues do not require Volume Cap.

JOBS

Current employment:	8,560	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	N/A

ESTIMATED SOURCES AND USES OF FUNDS

Sources:		Uses:	
IFA Bonds	<u>\$350,000,000</u>	Edward Series 2008A Bonds Refund Escrow	\$ 76,100,000
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Total	<u>\$350,000,000</u>	Total	<u>\$350,000,000</u>

**Estimated*

FINANCING SUMMARY

Security: Collateral is expected to include a pledge of the Borrower's unrestricted receivables that secure all obligations the Borrower issues under its Master Trust Indenture.

Structure: The tax-exempt fixed rate Bonds will be sold in a public underwriting by Bank of America Merrill Lynch.

The Series 2008B-1 Bonds will be a bank direct purchase by JP Morgan. The Series 2009A Bonds will be a bank direct purchase by Bank of America Merrill Lynch.

Interest Rate: To be determined the day of pricing.

Interest Mode: Fixed Rate

Credit Enhancement: None

Maturity: Bonds will mature no later than 2056.

Rating: Current ratings for Edward Hospital are 'A' stable and 'A+' stable from S&P and Fitch, respectively.

Current ratings for Elmhurst are 'Baa2' and 'BBB' from Moody's and Fitch, respectively.

Estimated Closing Date: November 14, 2016

PROJECT SUMMARY

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ECONOMIC DISCLOSURE STATEMENT

Applicant: Edward-Elmhurst Health
801 West Washington
Naperville, IL 60566

Contact: Vince Pryor, Chief Financial Officer

Website: www.eehealth.org

Borrower: Edward-Elmhurst Health

Board Members: EEH System Board Members:

Ron Schubel, Chair*
Dave Atchison, Vice Chair
Joe Beatty
David Brueggen
Sean Chou (as of September 28, 2016)
Pam Davis
Joe DePaulo
Brian Hagen
Tom Kloet (until September 28, 2016)
Mary Kay Ladone
Rocco Martino
Ron Nyberg
Robert (“Bob”) Platt
Tim Rivelli

PROFESSIONAL & FINANCIAL

Borrower’s Counsel:	Timothy G. Lawler, Ltd.	Hinsdale	Tim Lawler
Bond Counsel:	Chapman and Cutler LLP	Chicago	Mike Mitchell
Financial Advisor:	Kaufman Hall & Assoc.	Skokie	Terri Wareham
Underwriter:	Bank of America Merrill Lynch	Chicago	Ken Vallrugo
Underwriter Counsel:	Dentons	Chicago	Mary Wilson
Banks:	JP Morgan	Chicago	Candace Richmond
	Bank of America Merrill Lynch	Chicago	Ted Saul
Bank(s) Counsel:	Nixon Peabody LLP	Chicago	Julie Seymour
IFA Counsel:	Katten Muchin Rosenman LLP	Chicago	Chad Doobay
IFA Financial Advisor:	Sycamore Advisors LLC	Indianapolis	Diana Hamilton Courtney Tobin

LEGISLATIVE DISTRICTS (Edward Hospital, Naperville, IL)

Congressional: 11
State Senate: 21
State House: 41

LEGISLATIVE DISTRICTS (Elmhurst Hospital, Elmhurst, IL)

Congressional: 5
State Senate: 24
State House: 47

SERVICE AREA

The EEH System services a population of nearly 2.0 million residents from DuPage, Will, and Cook counties, with additional representation from Kane and Kendall counties. The EEH System's Primary Service Area (PSA) – the area from which EH, EMH, and LOH draw roughly seventy-five percent (75%) of inpatient (IP) admissions – stretches approximately 42 miles from Yorkville to Bensenville. EEH's three hospitals are all located in DuPage County, with EH located approximately 17 miles east of Yorkville and LOH (which are located on the same campus). The service area map below illustrates the geographic footprint of the EEH System.

